Shop@Anywhere

Episode 2: Online/Offline Integration

Code Name: Yoda

Advanced Planning Meeting
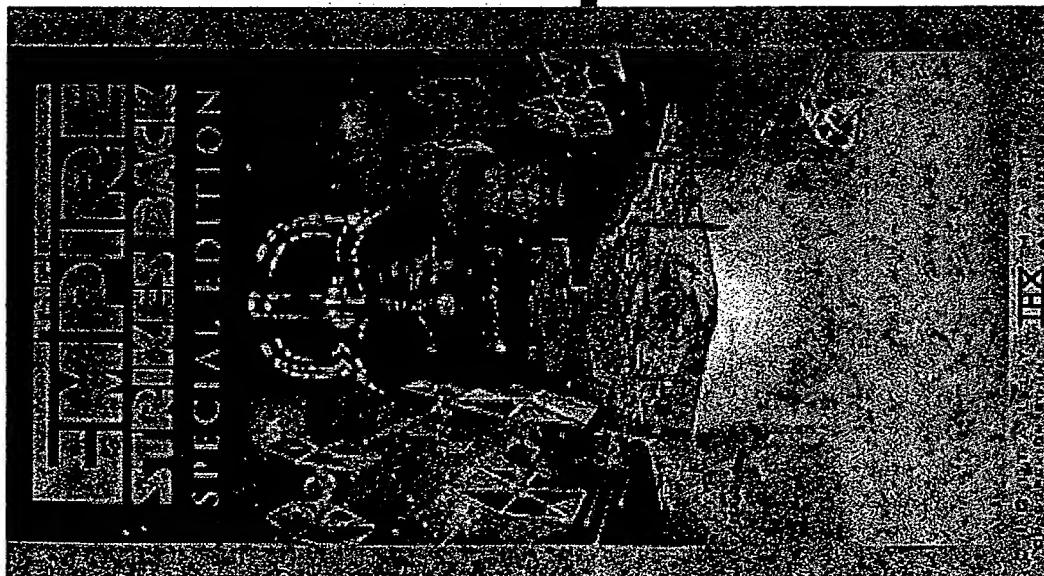
Vincent Tong
10/16/00

Feel the "Brick-&-Mortar" Force...

Online retail sales will reach only a modest 7% of the total retail market within the next 4 years

(Red Herring/Forrester Research 07/00)

What's the problem we are trying to solve?

⌘ Consumers will spend $199 billion online in 2005, but they will spend more than 3 times that offline as a direct result of online research (Jupiter 06/00)

⌘ Consequently, consumers need the ability to find the best deals for an individual product from online merchants as well as from physical store nearby all-in-one-place

⌘ Neither AOL nor our key competitors are addressing this need

"82% of all online buyers look [online] for the most convenient off-line physical store location" – Jupiter
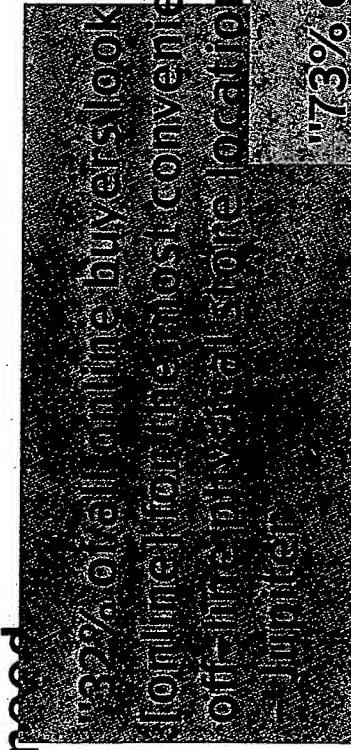
"73% of online browsers indicated that they researched products online and then purchased them at a physical store" – Jupiter

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Goals

SHORT–TERM (Shop@Anywhere Bullet – 6 months)

⌘ Make shopping easier and more convenient by helping consumers to locate nearby physical stores of "click–&–mortar" Shop@ merchant partners

⌘ Highlight local offerings from "click–&–mortar" merchant partners (e.g. physical store presence, local store return/pick–up for online sales)

⌘ Earn consumers' trust, as they release their zipcode/address to us

⌘ Generate additional pages views

⌘ Drive local ad impressions via Digital City

LONG–TERM

⌘ Provide a true multi–channel (both online and offline) merchant comparison environment with store–level product pricing and availability from "click–&–mortar", "brick–&–mortar" only, and "pure–play e–tailer" merchants

Shop@℠merchants

Project Metrics

⌘ Deploy store locator feature and highlight local store offering for <u>100%</u> of "click–&–mortar" Shop@ merchant partners in <u>100%</u> of Shop@ channels, after 3 months

⌘ <u>15%</u> of store locator users will "store" their zipcode/address for repeat usage, after 3 months

⌘ Generate additional <u>17M pages views</u> in year 1

⌘ Drive <u>$1.3M local ad impressions</u> via Digital City in year 1

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Value Proposition

Consumers

⌘ <u>Convenience!</u> -- This will make the info needed for my purchase decision readily available (local store listings of merchants)

⌘ <u>Quick access to local store content</u> (e.g. nearby restaurants, driving direction) to satisfy my need for entertainment & <u>instant gratification</u>

⌘ In the long term, <u>"I have a feeling that [AOL Shopping] is limiting my choices"</u> "Let me know that I could buy a book at BN.com but I could also buy it from Harry's Tiny <u>Bookstore on the corner" (Murmurs)</u>

⌘ Bottom Line = AOL provides us with the best comparison shopping for online merchants and local stores -- HIGH

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Value Proposition

"Click-&-Mortar" Shop@ Merchant Partners (30% in headcount)

⌘ Drive sales and foot traffic to local stores

⌘ Make the most impact in differentiating vs. pure-play e-tailers. Proximity (touch product, need ASAP, easy return, want ASAP) is the key edge of local merchants (Red Herring/Jupiter 07/00)

⌘ Effectively build trust for my online unit. Offline presence is the #1 factor in developing online merchant trust (Jupiter 8/99)

⌘ Multi-channel customers spend avg of 20-30% more than single channel customers (Jupiter 06/00)

⌘ Bottom Line = AOL helps us to leverage our physical assets to attract profitable customers to shop at our online and/or offline retail channels — HIGH

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The Store Locator

⌘ Proximity Search for local stores of "click-&-mortar" merchant partners in the Shop@ environment, including Merchant Comparison and other possible areas (e.g. A-Z Store Listing)

PLUS

⽊ User may store multiple target locations (link to UMP?)

⽊ Local store return/pick-up policy for online sales

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San Francisco
Wednesday, August 16, 2000

MAIN | ENTERTAINMENT | SHOPPING & SERVICES | REST OF THE CITY | VISITOR'S GUIDE | PEOPLE | NEWS SPORTS | OTHER CITIES

Local Shopping

Below are listings for blockbuster.
Look for another type of store or business

Listings 1 to 10 of 74
previous | next

amazon.com ★★★★☆ Out of Stock $8.45
Free Shipping

mobshop ★★★ In Stock $8.45

SmartShop ★★★ Check Site $8.45
The LOWEST price on Name Brand Electronics, Guaranteed

XTRAVALUE ★★★★ Pre Order $8.45
Our Buyer's Club member's enjoy the best values in electronics.

Save Smart Direct ONLINE ★★☆ In Stock $8.45
Authorized Dealer - Same day Shipping - Chat Live with out staff.

800.com Electronics. And more. In Stock $8.45
Get FREE DVD MOVIES with select DVD Players while they last!

Authorized Reseller
🏠 Retail Store
🏠→ Store Accepts In-Store Return of Online Purchses
🏠← Store Accepts In-Store Pick-up of Online Purchases
🏠↔ Store Accepts both In-Store Pick-up and Return of Online Purchases

Store Detail Page
- Store Name
- Address
- Phone #
- Open Hours
- User Rating
- Reviews (user / pro)
- Map & Driving Direction
- Sales/Coupon
- What's nearby...etc
- (Powered by Digital City)

Description
DTD Surround Sound, DVD Audio CD Pausable Formats, 500 Line Resolution, Single Optical Pick-up, 27-bit Audio DAC, Digital Coaxial, Digital Optical Audio Output

Shipping Weight
19.0 pounds

Dimensions
11in. x 12in x 45n

Product Page: Merchant Comparison
(This mock-up is created solely to illustrate the idea. It's not the final)

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The Long Term Vision (outside the scope of this bullet)

⌘ Provide a true multi-channel (both online and offline) merchant comparison environment with the latest store-level product pricing and availability info from "click-&-mortar", "brick-&-mortar" only, and "pure-play e-tailer"

Product Page (e.g. Palm V)

Product Search Results

New

Merchant Comparison

Store	Availability
Rating	Buy Now
Price	Instore– return/pickup

Pull down menu Home/Work/Other

Store	Availability
Rating	Proximity
Price	Phone #

Online merchants carrying this product

Physical stores carrying this product near my desired location

Store Detail Page

- Store Name
- Address
- Phone #
- Open Hours
- Reviews
- Driving Direction
- Sales/Coupon
- What's nearby, etc.
- (vga/go/dvd/digital city)

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Cost and Benefit

Retention

Consumers: HIGH
Click & Mortar Merchants: HIGH
Pure-play e-tailers: -ve

2-month Development Cycle (Est.)

Engineering   3.5 pm
Engineering - Digital City   1.5 pm
UI Designer   0.5 pm
QA   1 pm
Product Manager   1 pm
Ongoing CPE   0.25 person

Revenue & Traffic Impact

Generate $1.8M/m y1, 1.8 site/Min y1
2 viral ad impressions

Generate additional 1.7M page views
in y1, 1.7M/m y...

Open future revenue opportunities via
this localized e-shopping...

Did I mention Y!, MSN
and Amazon don't have it?

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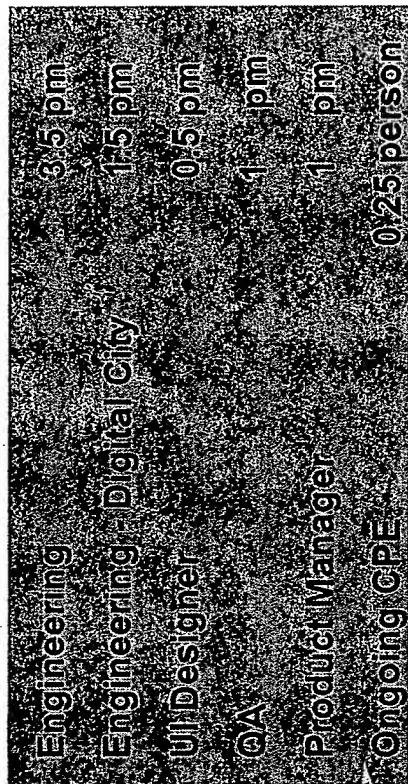
Key Dependencies / Risks

⌘ Depends on Digital City to provide the proximity search and the localized content – *Mitigation: Set the right expectation with DCI on performance requirements, server load, their flexibility and responsiveness in updating store level content upon Shop@ merchant partner's request*

⌘ Privacy concern on allowing user to store zipcode/address – *Mitigation: The initial check with Kent Walker (legal) was positive. Will confirm with Kent once features are finalized*

⌘ Negative reaction from "pure-play" e-tailer partners – *Mitigation: Ask Account Management team for feedback*

⌘ Different product assortment at Web channel vs. Physical store channel for a merchant – *Mitigation: create*

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Open Issues

⌘ Can/should we deliver the "stored" user zipcode / address to UMP? – Need to check with Personalization Divlet

⌘ In addition to "Merchant Comparison" area (stand-alone and under Product Page), where else can "Store Locator" appear? (e.g. A–Z Store Listing, Dept Pages) – Initial feedback is possible for A–Z Store Listing, but no room for Dept Pages. Need to finalize with Kathleen May.

⌘ Do we need permission from merchant partner to deploy "Store Locator"? – Need to check with Acct Mgmt

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What's Next?

⌘ Core team assignment – this week

⌘ Further investigate open issues and risks

⌘ Project Kick-off Review & PRD – week of 10/30/00

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